

**RED RIVER PARISH CLERK OF COURT  
COUSHATTA, LOUISIANA**

**ANNUAL FINANCIAL REPORT  
JUNE 30, 2006**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/10/07

Red River Parish Clerk of Court  
Coushatta, Louisiana

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# Red River Parish Clerk of Court

P. O. Box 485  
Coushatta, LA 71019

## MANAGEMENT'S DISCUSSION AND ANALYSIS for the Year Ended June 30, 2006

The Management's Discussion and Analysis of the Red River Parish Clerk of Court's financial performance presents a narrative overview and analysis of the Clerk of Court's financial activities for the year ended June 30, 2006. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the additional information contained in the Red River Parish Clerk of Court's financial statements, which begin on page 11.

### Financial Highlights

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Clerk of Court as a whole and present a longer-term view of the Clerk of Court's finances. These statements tell how these services were financed in the short-term as well as what remains for future spending.

- 1) The Red River Parish Clerk of Court had cash and investments of \$157,706 at June 30, 2006, which represents an increase of \$119,434 from the prior year end.
- 2) The Red River Parish Clerk of Court had accounts receivable of \$18,270 at June 30, 2006, which represents a decrease of \$1,628 from the prior year end.
- 3) The Red River Parish Clerk of Court had accounts payable and accruals of \$44,720 at June 30, 2006, which represents an increase of \$39,917 from prior year end.
- 4) The Red River Parish Clerk of Court had total revenues of \$432,071 for the year ended June 30, 2006, which represents an increase of \$109,173 from the prior year.
- 5) The Red River Parish Clerk of Court had personnel services expense of \$240,671 for the year ended June 30, 2006, which represents an increase of \$10,991 from the prior year.
- 6) The Red River Parish Clerk of Court had operating services expense of \$36,293 for the year ended June 30, 2006, which represents an increase of \$7,533 from the prior year.
- 7) The Red River Parish Clerk of Court had supplies expense of \$17,193 for the year ended June 30, 2006, which represents an increase of \$4,402 from the prior year.
- 8) The Red River Parish Clerk of Court had capital asset purchases of \$47,584 for the year ended June 30, 2006, which represents an increase of \$30,174 from the prior year.

### Overview of the Financial Statements

The following illustrates the minimum requirements for the Red River Parish Clerk of Court as established by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

Management Discussion and Analysis  
Basic Financial Statements  
Required Supplementary Information (Other than MD&A)

These financial statements consist of three sections – Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

### Basic Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Assets (on page 11) and the Statement of Activities (on page 12) provide information about the activities of the Red River Parish Clerk of Court as a whole and present a longer-term view of the Clerk's finances. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Assets and the Statement of Activities report the Clerk's net assets and changes in them. You can think of the Clerk's net assets, the difference between assets and liabilities, as one way to measure the Clerk's financial health, or financial position. Over time, increases or decreases in the Clerk's net assets are one indicator of whether its financial health is improving or deteriorating.

Fund financial statements start on page 14. All of the Clerk's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed short term view of the Clerk's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Clerk's activities as well as what remains for future spending.

A summary of the basic government-wide financial statements is as follows:

Summary of Statement of Net Assets

	<u>2006</u>	<u>2005</u>
<b>ASSETS:</b>		
Current and Other Assets	\$175,976	\$58,170
Capital Assets, Net	<u>66,268</u>	<u>27,172</u>
Total Assets	<u>\$242,244</u>	<u>\$85,342</u>
<b>LIABILITIES:</b>		
Other Liabilities	\$ <u>44,720</u>	\$ <u>4,803</u>
Total Liabilities	\$ <u>44,720</u>	\$ <u>4,803</u>
<b>NET ASSETS:</b>		
Invested in Capital Assets, Net of Related Debt	\$ 66,268	\$27,172
Unrestricted	<u>131,256</u>	<u>53,367</u>
Total Net Assets	<u>\$197,524</u>	<u>\$80,539</u>

Net assets of the Red River Parish Clerk of Court increased by \$116,985 or 145.25% from the previous fiscal year. The increase is the result of operating and non-operating revenues exceeding expenses during the fiscal year ended June 30, 2006.

## Summary of Statement of Activities

	<u>2006</u>	<u>2005</u>
REVENUES:		
Charges for Services	\$377,863	\$285,446
General Revenues	<u>54,208</u>	<u>37,452</u>
Total Revenues	\$432,071	\$322,898
EXPENDITURES:		
Expenses	<u>315,086</u>	<u>285,391</u>
Change in Net Assets	<u>\$116,985</u>	<u>\$ 37,507</u>

The Red River Parish Clerk of Court's total revenues increased by \$109,173 or 33.81% from the previous year. The total costs of all programs and services increased by \$29,695 or 10.41%.

Capital Assets

At June 30, 2006, the Red River Parish Clerk of Court had \$66,268, net of depreciation, invested in a broad range of capital assets (see table below). This amount represents a net increase (including additions and deductions) of \$39,096 or 143.88% from the previous year.

Capital Assets at Year End (Net of Depreciation)		
	<u>2006</u>	<u>2005</u>
Furniture, Fixtures and Equipment	<u>\$66,268</u>	<u>\$27,172</u>
Total	<u>\$66,268</u>	<u>\$27,172</u>

This year's major additions included furniture, fixtures and equipment totaling \$47,584.

This year there were retirements of \$3,300.

Variations between Original and Final Budgets

Actual revenues were \$2,896 more than budgeted amounts due to fees being more than expected.

Actual expenditures were \$1,382 more than budgeted amount due to expenditures being more than expected.

Economic Factors and Next Year's Budget

The Red River Parish Clerk of Court's elected official considered the following factors and indicators when setting next year's budget, rates and fees. These factors and indicators include:

1. Fees
2. Interest income
3. Miscellaneous revenues
4. Personnel costs
5. Other costs

The Red River Parish Clerk of Court does not expect any significant changes in next year's results as compared to the current year.

Contacting the Red River Parish Clerk of Court

This financial report is designed to provide our citizens and creditors with a general overview of the Red River Parish Clerk of Court's finances and to show the Clerk of Court's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to the Red River Parish Clerk of Court at P. O. Box 485, Coushatta, LA 71019.



# *Johnson, Thomas & Cunningham*

*Certified Public Accountants*

*Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)*

*Mark D. Thomas, CPA – A Professional Corporation*

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## INDEPENDENT AUDITOR'S REPORT

Honorable Stuart Shaw  
Red River Parish Clerk of Court  
P. O. Box 485  
Coushatta, Louisiana 71019

We have audited the accompanying financial statements of the governmental activities, major fund and fiduciary funds of the Red River Parish Clerk of Court, Coushatta, Louisiana, a component unit of the Red River Parish Police Jury, as of and for the year ended June 30, 2006, which collectively comprise the Clerk's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Red River Parish Clerk of Court's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the Louisiana Governmental Audit Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, major fund and fiduciary funds of the Red River Parish Clerk of Court as of June 30, 2006, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 25, 2006, on our consideration of the Red River Parish Clerk of Court's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and the budgetary information on pages 1 through 6 and 30 through 31, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

**Johnson, Thomas & Cunningham**

Johnson, Thomas & Cunningham, CPA's

August 25, 2006

Natchitoches, Louisiana

## BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE  
FINANCIAL STATEMENTS

Red River Parish Clerk of Court  
Statement of Net Assets  
June 30, 2006

	Governmental <u>Activities</u>
ASSETS:	
Current Assets:	
Cash & Cash Equivalents	\$ 56,646
Investments	101,060
Accounts Receivable	<u>18,270</u>
Total Current Assets	\$175,976
Noncurrent Assets:	
Capital Assets, Net	<u>66,268</u>
Total Assets	<u>\$242,244</u>
LIABILITIES:	
Accounts Payable and Accruals	\$ <u>44,720</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	\$ 66,268
Unrestricted	<u>131,256</u>
Total Net Assets	<u>\$197,524</u>

See notes to financial statements.

Red River Parish Clerk of Court  
Statement of Activities  
June 30, 2006

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities:					
Judicial-					
Personnel Services	\$240,671	\$288,622	\$ 0	\$0	\$ 47,951
Travel	12,342	14,801	0	0	2,459
Operating Services	36,293	43,524	36,450	0	43,681
Supplies	17,193	20,618	0	0	3,425
Professional Services	<u>8,587</u>	<u>10,298</u>	<u>0</u>	<u>0</u>	<u>1,711</u>
Total Governmental Activities	<u>\$315,086</u>	<u>\$377,863</u>	<u>\$36,450</u>	<u>\$0</u>	<u>\$ 99,227</u>
General Revenues:					
Interest					\$ 17,743
Miscellaneous					<u>15</u>
Total General Revenues					<u>\$ 17,758</u>
Change in Net Assets					\$116,985
Net Assets June 30, 2005					<u>80,539</u>
Net Assets June 30, 2006					<u>\$197,524</u>

See notes to financial statements.

## FUND FINANCIAL STATEMENTS

Red River Parish Clerk of Court  
Balance Sheet-Governmental Fund  
June 30, 2006

ASSETS:

Cash & Cash Equivalents	\$ 56,646
Investments	101,060
Accounts Receivable	<u>18,270</u>
Total Assets	<u>\$175,976</u>

LIABILITIES:

Accounts Payable and Accruals	\$ 44,720
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FUND BALANCES:

Unreserved	<u>131,256</u>
Total Liabilities & Fund Balances	<u>\$175,976</u>

See notes to financial statements.



Red River Parish Clerk of Court  
Reconciliation of the Governmental Fund  
Balance Sheet to the Statement of Net Assets  
June 30, 2006

Total Fund Balance for the Governmental Fund at June 30, 2006	\$131,256
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Total Net Assets reported for Governmental Activities  
in the Statement of Net Assets is different because:

Capital Assets used in Governmental Activities are not  
financial resources and, therefore, are not reported  
in the fund. Those assets consist of:

Furniture, Fixtures, and Equipment, Net of Accumulated Depreciation	<u>66,268</u>
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Total Net Assets of Governmental Activities at June 30, 2006	<u>\$197,524</u>
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See notes to financial statements.

Red River Parish Clerk of Court  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Governmental Fund  
June 30, 2006

Revenues:	
Fees & Charges for Services	\$377,863
Intergovernmental	36,450
Interest	17,743
Miscellaneous	<u>15</u>
Total Revenues	<u>\$432,071</u>
Expenditures:	
Current-	
Judicial-	
Personnel Services	\$240,671
Travel	12,342
Operating Services	27,805
Supplies	17,193
Professional Services	8,587
Capital Expenditures	<u>47,584</u>
Total Expenditures	<u>\$354,182</u>
Excess of Revenues over Expenditures	\$ 77,889
Fund Balance-Beginning of Year	<u>53,367</u>
Fund Balance-End of Year	<u>\$131,256</u>

See notes to financial statements.

Red River Parish Clerk of Court  
Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balance of the Governmental Fund  
to the Statement of Activities  
for the Year Ended June 30, 2006

Total Net Change in Fund Balance at June 30, 2006, per Statement of Revenues, Expenditures and Changes in Fund Balance	\$ 77,889
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The Change in Net Assets  
reported for Governmental Activities  
in the Statement of Activities is different because:

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay \$47,584 exceeds depreciation \$(6,344) in the current period and book value of assets scrapped \$(2,144).	<u>39,096</u>
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Total Changes in Net Assets at June 30, 2006, per Statement of Activities	<u>\$116,985</u>
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See notes to financial statements.

Red River Parish Clerk of Court  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2006

	Advance Deposit Fund	Registry of Court Fund	Total
ASSETS:			
Cash & Cash Equivalents	\$117,175	\$ 76,725	\$193,900
Investments	<u>419,244</u>	<u>31,188</u>	<u>450,432</u>
Total Assets	<u>\$536,419</u>	<u>\$107,913</u>	<u>\$644,332</u>
LIABILITIES:			
Due to Others	<u>\$536,419</u>	<u>\$107,913</u>	<u>\$644,332</u>

See notes to financial statements.

Red River Parish Clerk of Court  
Statement of Changes in Fiduciary Net Assets  
for the Year Ended June 30, 2006

	Advance Deposit <u>Fund</u>	Registry of Court <u>Fund</u>	<u>Total</u>
ADDITIONS:			
Suits and Successions	\$163,142	\$ 15,957	\$179,099
Interest Income	<u>0</u>	<u>1,140</u>	<u>1,140</u>
Total Additions	<u>\$163,142</u>	<u>\$ 17,097</u>	<u>\$180,239</u>
DEDUCTIONS:			
Clerk's Costs (paid to general fund)	\$ 84,486	\$ 0	\$ 84,486
Settlements to Litigants	32,381	0	32,381
Sheriff's Fees	13,222	0	13,222
Court Reporters	826	0	826
Attorneys, Curators, Notary	4,135	0	4,135
Judges' Supplemental Fund	6,934	0	6,934
Clerk's Supplemental Fund	4,231	0	4,231
Other Deductions	<u>3,941</u>	<u>0</u>	<u>3,941</u>
Total Deductions	<u>\$150,156</u>	<u>\$ 0</u>	<u>\$150,156</u>
Change in Net Assets	\$ 12,986	\$ 17,097	\$ 30,083
Net Assets-Beginning	<u>523,433</u>	<u>90,816</u>	<u>614,249</u>
Net Assets-Ending	<u>\$536,419</u>	<u>\$107,913</u>	<u>\$644,332</u>

See notes to financial statements.

## NOTES TO FINANCIAL STATEMENTS

Red River Parish Clerk of Court  
Notes to Financial Statements  
June 30, 2006

**Introduction:**

As provided by Article V, Section 28 of the Louisiana Constitution of 1974, the Red River Parish Clerk of Court serves as the ex-officio notary public, the recorder of conveyances, mortgages, and other acts, and has other duties and powers provided by law. The Clerk of Court is elected for a four-year term.

**1. Summary of Significant Accounting Policies:**

**A. BASIS OF PRESENTATION-**

The accompanying financial statements of the Red River Parish Clerk of Court have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, issued in June 1999.

**B. REPORTING ENTITY-**

As the governing authority of the parish, for reporting purposes, the Red River Parish Police Jury is the financial reporting entity for Red River Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) other organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Red River Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the Police Jury to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Police Jury.
2. Organizations for which the Red River Parish Police Jury does not appoint a voting majority but are fiscally dependent on the Red River Parish Police Jury.

Red River Parish Clerk of Court  
Notes to Financial Statements  
June 30, 2006

3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the Red River Parish Police Jury provides office facilities for the Clerk of Court, the Clerk of Court was determined to be fiscally dependent on the Police Jury and accordingly is considered to be a component unit of the Red River Parish Police Jury, the financial reporting entity. The accompanying basic financial statements present information only on the funds maintained by the Clerk of Court and do not present information on the Red River Parish Police Jury, the general government services provided by that governmental unit or the other governmental units that comprise the financial reporting entity.

**C. FUND ACCOUNTING-**

The Red River Parish Clerk of Court uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Clerk of Court functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. Funds of the Clerk of Court are classified into two categories: governmental and fiduciary, as follows:

Governmental Fund

General Fund - The General Fund (Salary Fund), as provided by Louisiana Revised Statute 13:781, is the principal fund of the Red River Parish Clerk of Court and accounts for the operations of the Clerk's office. The various fees and charges due to the clerk's office are accounted for in this fund.

Fiduciary Funds

Agency Funds - The agency funds, the Advance Deposit Fund and Registry of Court Fund, account for assets held by the clerk as an agent for litigants held pending court action. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but uses the modified accrual basis of accounting.

**D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING-**

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the reporting government as a whole. These statements include all the financial activities of the Red River Parish Clerk of Court, except for the fiduciary funds which are reported separately.



Red River Parish Clerk of Court  
Notes to Financial Statements  
June 30, 2006

The government-wide financial statements were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions.

Fund Financial Statements

Governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Fund financial statements report detailed information about the Clerk of Court. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

The governmental fund and agency funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Red River Parish Clerk of Court considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues-

Fees for certified copies, recording legal documents, marriage licenses, and commissions for services are recorded in the year they are earned. Interest income on time deposits are recorded when the time deposits have matured and the income is available. Interest receivables are accrued in the Advance Deposit Fund; all other revenues are recorded when received.

Red River Parish Clerk of Court  
Notes to Financial Statements  
June 30, 2006

**Expenditures-**

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

**E. BUDGETARY ACCOUNTING-**

Formal budgetary accounting is employed as a management control tool. The Red River Parish Clerk of Court prepares and adopts a budget each year for its general fund in accordance with Louisiana Revised Statutes. The operating budget is prepared based on prior year's revenues and expenditures and the estimated increase therein for the current year, using the modified accrual basis of accounting. The Clerk of Court amends its budget when projected revenues are expected to be less than budgeted revenues by five percent or more and/or projected expenditures are expected to be less than budgeted amounts by five percent or more and/or projected expenditures are expected to be more than budgeted amount by five percent or more. All budget appropriations lapse at year end.

**F. CASH AND CASH EQUIVALENTS-**

Cash - includes not only currency on hand but also demand deposits with banks or other financial institutions and other kinds of accounts that have the general characteristics of demand deposits in that the customer may deposit additional funds at any time and also may effectively withdraw funds at any time without prior notice or penalty.

Cash equivalents - includes all short term, highly liquid investments that are readily convertible to known amounts of cash and are so near their maturity that they present insignificant risk of changes in value because of interest rates. Generally, only investments which, at the day of purchase, have a maturity date no longer than three months qualify under this definition.

**G. INVESTMENTS-**

Investments are limited by R. S. 33:2955 and the Red River Parish Clerk of Court's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

**H. RECEIVABLES-**

All receivables are reported at their gross value and, where applicable, are reduced by the estimated portion that is expected to be uncollectible.

Red River Parish Clerk of Court  
Notes to Financial Statements  
June 30, 2006

**I. BAD DEBTS-**

Uncollectible accounts receivable are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. At June 30, 2006, \$0 was considered uncollectible.

**J. CAPITAL ASSETS-**

Capital assets are carried at historical costs. Depreciation of all exhaustible capital assets used by the Red River Parish Clerk of Court is charged as an expense against operations in the Statement of Activities. Capital assets net of accumulated depreciation are reported on the Statement of Net Assets. Depreciation is computed using the straight line method over the estimated useful life of the assets, generally 5 to 10 years for moveable property. Expenditures for maintenance, repairs and minor renewals are charged to earnings as incurred. Major expenditures for renewals and betterments are capitalized.

**K. COMPENSATED ABSENCES-**

Full-time employees of the Red River Parish Clerk of Court earn ten days of vacation and sick leave each year. Leave does not carryover or accumulate from one year to the next, and there are no vesting privileges. Therefore no liability for compensated absences has been recorded in the accompanying financial statements.

**L. ESTIMATES-**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**2. Cash and Cash Equivalents:**

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. The Clerk of Court may invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal office in the state of Louisiana, in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

Red River Parish Clerk of Court  
Notes to Financial Statements  
June 30, 2006

At June 30, 2006, the Clerk of Court had cash and cash equivalents (book balances) totaling \$250,546 as follows:

Demand Deposits	\$ 344
Interest-bearing Demand Deposits	222,072
Time Deposits	28,080
Petty Cash	<u>50</u>
 Total	 <u>\$250,546</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2006, the Clerk of Court has \$229,578 in deposits (collected bank balances). These deposits are secured from risk by \$200,000 of federal deposit insurance and \$29,578 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3), under the provisions of GASB, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Clerk of Court that the fiscal agent has failed to pay deposited funds upon demand.

**3. Investments:**

At June 30, 2006, the Red River Clerk of Court had investments of \$551,492. All investments were in Certificates of Deposit with the Bank of Coshatta \$(450,432) and the CDSC Louisiana Federal Credit Union \$(101,060). All Certificates of Deposit were fully insured by FDIC and pledged securities.

**4. Accounts Receivable:**

The following is a summary of receivables at June 30, 2006:

<u>Class of Receivable</u>	<u>Total</u>
Fees & charges for services	\$ <u>18,270</u>

Red River Parish Clerk of Court  
Notes to Financial Statements  
June 30, 2006

**5. Capital Assets:**

Capital asset balances and activity for the year ended June 30, 2006, is as follows:

	<u>Balance</u> <u>06-30-05</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06-30-06</u>
Furniture fixtures, and equipment	\$ 39,122	\$47,584	\$ 3,300	\$ 83,406
Less, accumulated depreciation	<u>(11,950)</u>	<u>(6,344)</u>	<u>(1,156)</u>	<u>(17,138)</u>
Total Capital Assets, net	<u>\$ 27,172</u>	<u>\$41,240</u>	<u>\$ 2,144</u>	<u>\$ 66,268</u>

Depreciation expense of \$6,344 was charged to the judicial function.

**6. Accounts Payable and Accruals:**

The following is a summary of accounts payable at June 30, 2006:

<u>Class of Payable</u>	<u>Total</u>
Vendor	\$35,846
Salaries and related benefits	8,637
Other	<u>237</u>
Total	<u>\$44,720</u>

**7. Pension Plan:**

**Plan Description.** Substantially all employees of the Red River Parish Clerk of Court are members of the Louisiana Clerks of Court Retirement and Relief Fund (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees.

All regular employees who are under the age of 60 at the time of original employment are required to participate in the System. Employees who retire at or after age 55 with at least 12 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of credited service, not to exceed 100 percent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produces the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established and amended by state statute.

Red River Parish Clerk of Court  
Notes to Financial Statements  
June 30, 2006

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana Clerks of Court Retirement and Relief Fund, 11745 Bricksome Avenue, Suite B, Baton Rouge, Louisiana 70816, or by calling (225) 293-1162.

Funding Policy. Plan members are required by state statute to contribute 8.25 percent of their annual covered salary and the Red River Parish Clerk of Court is required to contribute at an actuarially determined rate. The current rate is 15.75 percent of annual covered payroll. Of the 8.25 percent of the member contributions, the Red River Parish Clerk of Court pays all. Contributions to the System, also include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of each parish. The contribution requirements of a plan member and the Red River Parish Clerk of Court are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the result of the valuation for the prior fiscal year. The Red River Parish Clerk of Court's contribution to the System for the years ending June 30, 2006, 2005, and 2004, were \$43,647, \$40,180 and \$35,294, respectively, equal to the required contribution for each year.

**8. Leases:**

The Red River Parish Clerk of Court is obligated under several lease agreements accounted for as operating leases. Operating leases do not give rise to property rights of lease obligations, and therefore, the results of the lease agreements are not reflected in the capital assets. These leases are for copiers and a vehicle.

The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms as of June 30, 2006:

Fiscal Year Ending <u>June 30</u>	<u>Equipment</u>
2007	\$5,837
2008	<u>973</u>
Total	<u>\$6,810</u>

The Red River Parish Clerk of Court was not obligated under any capital lease agreements at June 30, 2006.

Red River Parish Clerk of Court  
Notes to Financial Statements  
June 30, 2006

**9. Risk Management:**

The Red River Parish Clerk of Court is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Clerk of Court maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Clerk of Court.

**10. Litigation and Claims:**

In October 2005, a class action suit was filed against the Louisiana Clerk of Court Association and all of the District Clerks of Court in the State of Louisiana. The Clerks of Court plan to hire one attorney to represent all of the defendants. Although the outcome of this lawsuit is not presently determinable, management believes resolution of this matter would not create a liability in excess of insurance coverage, and therefore would not have an adverse effect on the financial condition of the Red River Parish Clerk of Court.

**11. Expenditures of the Clerk of Court Paid by the Red River Parish Police Jury:**

Certain expenses of the Red River Parish Clerk of Court's office are paid by the Red River Parish Police Jury. In addition to furnishing the building where the Clerk's office is located, the Police Jury pays all utility bills, some insurance, and furnishes some of the equipment in the Clerk's office.

**12. Excess Fund Balance:**

Louisiana Revised Statute 13:785 requires that every four years (at the close of the term of office) the Red River Parish Clerk of Court must pay the parish treasurer the portion of the General Clerk's fund balance that exceeds one-half of the revenues of the Clerk's last year of his term of office. This amount shall be limited to no more than that which was received by the Clerk in accordance with R.S. 13:784(a) during said term of office. At June 30, 2006, there was no amount due the Parish Treasurer.

## OTHER REQUIRED SUPPLEMENTARY INFORMATION



Red River Parish Clerk of Court  
General Fund  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance Favorable/ (Unfavorable)
<b>REVENUES</b>				
Fees, Fines & Charges for Services	\$297,100	\$375,725	\$377,863	\$ 2,138
Interest Income	14,000	17,000	17,743	743
Miscellaneous	<u>20,900</u>	<u>36,450</u>	<u>36,465</u>	<u>15</u>
Total Revenues	<u>\$332,000</u>	<u>\$429,175</u>	<u>\$432,071</u>	<u>\$ 2,896</u>
<b>EXPENDITURES:</b>				
Current-				
Judicial-				
Personnel Services	\$235,500	\$237,700	\$240,671	\$(2,971)
Travel	9,300	12,600	12,342	258
Operating Services	24,500	28,000	27,805	195
Supplies	16,100	17,900	17,193	707
Professional Services	9,300	8,600	8,587	13
Capital Expenditures	<u>12,000</u>	<u>48,000</u>	<u>47,584</u>	<u>416</u>
Total Expenditures	<u>\$306,700</u>	<u>\$352,800</u>	<u>\$354,182</u>	<u>\$(1,382)</u>
Excess Revenues over Expenditures	\$ 25,300	\$ 76,375	\$ 77,889	\$ 1,514
Fund Balance-Beginning of Year	<u>53,367</u>	<u>53,367</u>	<u>53,367</u>	<u>0</u>
Fund Balance-End of Year	<u>\$ 78,667</u>	<u>\$129,742</u>	<u>\$131,256</u>	<u>\$ 1,514</u>

## SUPPLEMENTARY INFORMATION

# *Johnson, Thomas & Cunningham*

*Certified Public Accountants*

*Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)*

*Mark D. Thomas, CPA – A Professional Corporation*

*Roger M. Cunningham, CPA – A Professional Corporation*

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## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Stuart Shaw  
Red River Parish Clerk of Court  
P. O. Box 485  
Coushatta, Louisiana 71019

We have audited the financial statements of the governmental activities, major fund and fiduciary funds of the Red River Parish Clerk of Court, a component unit of the Red River Parish Police Jury, as of and for the year ended June 30, 2006, which collectively comprise the Red River Parish Clerk of Court's basic financial statements and have issued our report thereon dated August 25, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Red River Parish Clerk of Court's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Red River Parish Clerk of Court's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on

compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the Louisiana Legislative Auditor, and management of the Red River Parish Clerk of Court and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

**Johnson, Thomas & Cunningham**

Johnson, Thomas & Cunningham, CPA's

August 25, 2006

Natchitoches, Louisiana